

Samsung Electronics Reports Fourth Quarter Results

Samsung Electronics reports revenue of KRW 17.48 trillion

and net profit of KRW 2.21 trillion

SEOUL, Korea – January 15, 2008: Samsung Electronics Co., Ltd., today announced record revenues of 17.48 trillion won for the fourth quarter of 2007 ended December 31, 2007. Operating profit and net income for the quarter were 1.78 trillion won and 2.21 trillion won on a parent basis. Operating profit on a consolidated basis reached 2.52 trillion won thanks to strong performances by the LCD Business and Digital Media Business, as well as better-than-expected results elsewhere in the company.

The LCD Business and Digital Media Business, which generated annual operating profits of 2.11 trillion won and 1.06 trillion won respectively on a consolidated basis, drove fourth-quarter profitability. All of the company's business units were solidly in the black, due to improved performance by the Digital Appliance Business, and better than expected results from the Semiconductor Business.

"Samsung demonstrated solid performance and competitive advantage in each of our businesses, especially in the Semiconductor Business, which realized the best profits and profit ratio among all players in a weak market for memory," said Dr. Woosik Chu, executive vice president and head of Samsung Electronics' investor relations team. "Our results demonstrate the success of our diversification strategy, as well as our commitment to strong fundamentals and successful business development throughout the company."

LCD Booming

The LCD Business posted quarterly revenues of 4.46 trillion won. Operating profit grew 37% over the last quarter, reaching 920 billion won with a profit margin of 21%. Since the beginning of the high-demand season in fourth quarter 2007, sales for all applications such as panels for IT products and TVs rose sharply, with prices maintaining strength throughout the quarter. Over the entire year, operating profit of LCD Business, on a consolidated basis, reached an all-time high of 2.11 trillion won, with a year-on-year increase of 151%.

In the large panel segment, the LCD Business was a clear market leader in all three product categories - TVs, Desktop monitors and Notebook PCs. The LCD Business sold more than five million panels in the large screen TV category during the fourth quarter alone.

Higher-than-average growth is expected in the large panel segment throughout 2008, with the LCD Business targeting sales of more than 100 million panels.

Robust Performance in Telecommunication

The Telecommunication Business posted record-high quarterly revenues of 5.37 trillion won with an operating profit of 580 billion won. The business unit's operating margin was 11%, exceeding market expectations. On a consolidated basis, operating profits were 630 billion won, a slight drop over the previous quarter.

Sales of handsets overall achieved a quarterly record of 46.3 million units, due to robust sales of premium phones such as the "Ultra Edition," increased sales of 3G phones, and a solid performance in emerging markets. The record quarterly results led to year-end sales of more than 161 million units, exceeding last year's total of 114 million units and solidifying Samsung's position as the second-largest manufacturer worldwide in the mobile phone market. Profits improved from 9.5% in 2007 to 10.8% in 2008, thanks to process innovations that reduced operating costs and created greater market efficiencies.

In 2008, the Telecommunication Business will actively respond to growing 3G market opportunities by launching more phones supporting the WCDMA and HSDPA standards. In addition, the company will enhance its leadership of the multimedia phone segment by amplifying premium offerings such as Smartphones, 5M-pixel camera phones and touch screen phones. The company will also stimulate growth in emerging markets with a range of differentiated products, exceeding the growth rate expected for such markets. Annual sales of mobile phones are projected to reach 200 million units for the year 2008.

Semiconductor Rally

Operating profit of the Semiconductor Business was 430 billion won on revenue of 4.91 trillion won in the fourth quarter. Though strong seasonality pushed demand for DRAM and NAND flash chips during the quarter, weak prices due to oversupply diminished

the business unit's overall results, contributing to a quarterly drop in revenue and profits.

In the DRAM business, the proportion of products with 68nm DRAM and 51nm NAND flash chips increased significantly, strengthening the unit's cost competitiveness and enabling greater differentiation with more high value-add products such as mobile DRAM, Graphic DDR, and 8Gb Single Level Cell type NAND flash chips.

The System LSI (non-memory chips) business delivered solid results, with revenue growth of 21% over the last quarter, thanks to sales increases in Display Driver ICs (DDI) and high-resolution CMOS Image Sensors (CIS) for mobile phones, as well as in chips for Media Players.

Current conditions of oversupply and price pressures will likely continue throughout the first half of 2008, according to the Semiconductor Business. Nevertheless, the company expects market conditions to change dramatically at the start of the next high-demand season, and that demand-supply conditions will stabilize globally due to conservative strategies for capital investment and production by Samsung's competitors.

Improvement in Digital Media & Digital Appliance

The Digital Media Business posted an operating loss of 130 billion won on revenue of 1.64 trillion won on a parent basis. However, the unit's operating profit and revenue on a consolidated basis reached approximately 400 billion won and more than one trillion won respectively. Robust sales of Flat Panel TVs positioned the company as the market leader in three categories - overall TV sales, Flat Panel TV sales and LCD TVs sales.

The printer business unit under Digital Media Business showed significant growth following its successful entry in the laser printer category, with further expansion projected in 2008 with new product introductions in the corporate printer segment.

The Digital Appliance Division posted revenue of 860 billion won and continued to generate operating loss of, 30 billion won. Sales increase in premium products and cost saving activities are expected to boost its performance in 2008.

“Though the first quarter is seasonally weak, Samsung expects its LCD and Telecommunication Business to perform in a solid manner, while the company’s memory business will continue to pursue significant cost cutting initiatives,” Dr. Chu said. “When conditions for the memory market improve as expected, this recovery, coupled with our strong performance in other businesses, will lead Samsung to ideally post stronger results in 2008.”

Sales & Profits

(in trillion won, parent basis)

	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>
Revenue	15.69	14.39	14.63	16.68	17.48
Gross Profit	4.90	3.44	3.34	4.68	4.86
<i>(Margin)</i>	31%	24%	23%	28%	28%
<i>SG&A</i>	2.85	2.26	2.43	2.62	3.08
Operating Profit	2.05	1.18	0.91	2.07	1.78
<i>(Margin)</i>	13%	8%	6%	12%	10%
<i>Non-Operating Income</i>	0.65	0.66	0.71	0.56	0.76
Pre-Tax Income	2.71	1.84	1.62	2.63	2.54
<i>(Margin)</i>	17%	13%	11%	16%	15%
<i>Income Tax</i>	0.34	0.24	0.20	0.44	0.33
Net Income	2.37	1.60	1.42	2.19	2.21
<i>(Margin)</i>	15%	11%	10%	13%	13%

*'06 annual earnings were partially restated to comply with the Korea Accounting Institute Opinion 06-2. Restated items include income tax and net income.

Revenue by Business

(in trillion won, parent basis)

<u>Business</u>	<u>4Q06</u>	<u>3Q07</u>	<u>4Q07</u>	<u>Growth</u>	
				YoY	QoQ
Semiconductor	5.42	5.01	4.91	(9%)	(2%)
<i>Memory</i>	4.19	3.58	3.24	(23%)	(9%)
<i>System LSI</i>	0.61	0.74	0.90	48%	21%
LCD	3.18	4.02	4.46	40%	11%
Telecommunication	4.65	5.08	5.37	15%	6%
<i>Mobile Phone</i>	4.31	4.80	5.07	18%	6%
Digital Media	1.45	1.48	1.64	13%	11%
Digital Appliance	0.79	0.93	0.86	9%	(8%)
Total Revenue	15.69	16.68	17.48	11%	5%

<u>Business</u>	<u>3Q07</u>	<u>4Q07</u>	<u>FY06</u>	<u>FY07</u>	<u>Growth</u>	
					QoQ	YoY
Semiconductor	5.01	4.91	19.08	18.66	(2%)	(2%)
<i>Memory</i>	3.58	3.24	14.39	13.20	(9%)	(8%)
<i>System LSI</i>	0.74	0.90	2.21	2.85	21%	29%
LCD	4.02	4.46	11.70	14.66	11%	25%
Telecommunication	5.08	5.37	18.24	19.55	6%	7%
<i>Mobile Phone</i>	4.80	5.07	17.19	18.37	6%	7%
Digital Media	1.48	1.64	6.30	6.12	11%	(3%)
Digital Appliance	0.93	0.86	3.09	3.52	(8%)	14%
Total Revenue	16.68	17.48	58.97	63.18	5%	7%

Operating Profit by Business

(in trillion won, parent basis)

<u>Business</u>	<u>4Q06</u>	<u>3Q07</u>	<u>4Q07</u>	<u>Growth</u>	
				YoY	QoQ
Semiconductor	1.66	0.91	0.43	(74%)	(53%)
LCD	0.31	0.67	0.92	197%	37%
Telecommunication	0.35	0.59	0.58	66%	(1%)
Digital Media	(0.15)	(0.12)	(0.13)	(13%)	(12%)
Digital Appliance	(0.14)	(0.006)	(0.03)	(79%)	(487%)
Total Operating Profit	2.05	2.07	1.78	(13%)	(14%)

<u>Business</u>	<u>3Q07</u>	<u>4Q07</u>	<u>FY06</u>	<u>FY07</u>	<u>Growth</u>	
					QoQ	YoY
Semiconductor	0.91	0.43	5.03	2.21	(53%)	(56%)
LCD	0.67	0.92	0.65	1.95	37%	201%
Telecommunication	0.59	0.58	1.74	2.12	(1%)	22%
Digital Media	(0.12)	(0.13)	(0.37)	(0.34)	(12%)	8%
Digital Appliance	(0.006)	(0.03)	(0.17)	(0.04)	(487%)	77%
Total Revenue	2.07	1.78	6.93	5.94	(14%)	(14%)

*Operating Profit of Semiconductor Business for '07 3Q was rounded down and changed from 0.92 to 0.91. This change has been reported as a part of the Audited Quarterly Report for '07.3Q.

Consolidated basis Operating Profit by Business

(in trillion won)

<u>Business</u>	<u>3Q07</u>	<u>4Q07</u>	<u>FY06</u>	<u>FY07</u>
Semiconductor	0.86	0.52	5.15	2.35
LCD	0.72	0.97	0.84	2.11
Telecommunication	0.88	0.63	1.98	2.76
Digital Media	0.24	0.39	0.58	1.06
Digital Appliance	0.04	0.01	(0.11)	0.15

About Samsung Electronics

Samsung Electronics Co., Ltd. is a global leader in semiconductor, telecommunication, digital media and digital convergence technologies with 2006 consolidated sales of US\$86.8 billion and net income of US\$8.5 billion. Employing approximately 150,000 people in 134 offices in 62 countries, the company consists of five main business units: Digital Media Business, LCD Business, Semiconductor Business, Telecommunication Business and Digital Appliance Business. Recognized as one of the fastest growing global brands, Samsung Electronics is a leading producer of digital TVs, memory chips, mobile phones and TFT-LCDs. For more information, please visit www.samsung.com.

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